

April 4, 1927

I hereby veto Senate Bill Number 324, being "An Act to permit corporations organized under the provisions of Chapter 4, Title 16, Revised Civil Statutes, State of Texas of 1925, or under Section 49 of Article 1302 of said Statutes, or under Senate Bill No. 232, passed by the regular session of the 40th Legislature, to use the words 'trust company' in its corporate name, and to omit the use of the word 'bank' from such corporate name; and declaring an emergency."

This bill provides that any corporation heretofore and hereafter organized under the provisions of Chapter 4 of Title 16, Revised Statutes, 1925, or Section 49, Article 1302, or under Senate Bill Number 232 passed by the regular session of the 40th Legislature, may use the words "trust company" as a part of its corporate name. It further provides that the words "without banking privileges" shall be used by all such corporations in advertising. Section 1-a of the bill which provides that the words "without banking privileges" shall be used by all such corporations in advertising, is not referred to or in any manner suggested by the caption of this bill.

Corporations organized under Chapter 4, Title 16, Revised Civil Statutes, 1925, are subject to the supervision of the Commissioner of Banking. Those organized under Section 49 of Article 1302 are not subject to such supervision or to the visitorial powers of the Department of Banking. Article 491, "Revised Civil Statutes, 1925, places certain restrictions on the use of the words "trust company" in a corporate name.

The policy of this State toward the use of the words "trust company" in a corporate name has led the general public who have dealings with trust companies to believe that the affairs of such companies are conducted under and subject to the supervision of the Department of Banking. This has induced the belief that governmental supervision assures solvency and legitimate business. Senate Bill Number 324, if it should become a law, would permit the creation of corporations using the title of "trust company" which would not in any manner be subject to such supervision. If this bill should become a law the general public would in many instances believe that they were dealing with a trust company supervised by the Department of Banking, and examined by it, when in

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fact
~~effect~~ it would be a company created under one of the other statutes
and subject to no supervision of that Department of the State Government.
The bill would lead to confusion in our laws and among the general public
dealing with trust companies.

For the reasons stated above this bill is vetoed.

Steu Woody
Governor of the State of Texas.